

Kauri Coast Community Pool – Operating grant and model

Meeting: Council Briefing
Date of meeting: 03 February 2025
Reporting officer: Hayley Worthington, GM Strategic Improvement

Purpose | Ngā whāinga

To seek direction from Council on:

- a) Continuation of an annual grant to support the operations, repairs and maintenance of the Kauri Coast Community Pool in Dargaville.
- b) Options for preferred future ownership and operations of the pool facilities.
- c) Annual Plan consultation approach

Context | Horopaki

The Kauri Coast Community Pool (KCCP) opened in 2009 and was a joint development between, Kaipara District Council (KDC) and the KCCP Trust, along with strong community support and fundraising. It is the only 50 metre swimming pool in Te Tai Tokerau/ Northland and has hydrotherapy, toddlers, and spray park pool facilities.

Located in Selwyn Park, Dargaville, the pool has been owned and managed by Sport Northland since 2019 who in turn contract the day-to-day pool operations to Community Leisure Management (CLM). The pool sits on Council owned land.

KDC provides an annual operating grant (**Attachment A**) (Sport Northland invoice \$382,759 for the FY23/24 - increasing annually with Consumer Price Index - CPI) (**Attachment B**) funded by general rates to Sport Northland in return for agreed terms and conditions including annual reporting and accessible opening hours. At the time of the funding allocation a General Rate was applied due to the regional usage of the 50m swimming pool, supporting competition and training opportunities.

As the facilities are uncovered, KCCP has seasonal opening hours which are agreed to annually between key stakeholders, primarily CLM, as pool operator, Sport Northland, as pool manager, and the KCCP Community Advisory Board.

The agreement between KDC and Sport Northland to continue with the provision of an annual operating grant is due for renewal, ending 30 June 2025.

At the September 2024 Council briefing, Sport Northland presented the Northland Aquatic Facilities Plan 2023 (**Attachment C**), created alongside KDC, Whangarei District Council (WDC) and the Far North District Council (FNDC). A key regional recommendation from the plan was to investigate the most effective long-term ownership model for aquatic facilities. As a result, WDC commissioned a review of the Whangarei Aquatic Centre which was presented to their Council for consideration in February 2024. As part of this review process, WDC agreed to unwind Sport Northland's ownership and return it to Council assets and management responsibilities.

In turn, Sport Northland have proposed to relinquish or divest the ownership and management of KCCP which has prompted a KDC review of the operating model and annual grant. KDC engaged Brett Young from Community Asset Solutions to review the current operating model, facility assessment / condition to support Council's preferred options for community consultation. This information will be provided in a report to the February Council meeting.

NOTE: Sport Northland submitted their Annual Report for FY23/24 (**Attachment D**) to KDC on 13th December 2024. This document has not been noted by Council through an agenda item due to its receipt timing. It has been referenced to support current operating expenses and condition

assessment. The KCCP Annual Report FY23/24 will come to Council as its own item for discussion.

Discussion | Ngā kōrerorero

Ownership Options

The Northland Aquatic Facilities Plan 2023 addressed future ownership/ governance/ management models for all the aquatic facilities Sport Northland has ownership of. It proposes the following four options for Council consideration:

Option 1 – Status Quo

Sport Northland retains ownership of the KCCP but sources specialist asset management expertise (preferably with aquatic facility experience). Sport Northland is supported financially by KDC through an annual operating grant for:

- Operational expenditure
- Repairs and maintenance
- Administration and property management
- Capital major maintenance/renewals – capital investment schedule in the Long Term Plan

The KCCP is currently running at a loss of approximately \$35k as reported in the FY23/24 Annual Report. An update of the grant agreement, and negotiations regarding grant amount would be required to take place with Sport Northland. Further provisions of KPI measures and requirements for public access should be made through this process.

Funding is currently provisioned for in the LTP.

This option continues to provide the public with ongoing secured access to KCCP and its facilities.

a) Status Quo - Funding to be included in KDC Annual Plan and future LTPs \$480k (approx. 1% rates).

General Rate proportion of split by wards
(currently calculated by population and land value):

Kaiwaka/Mangawhai	47%
Otamatea	23%
Dargaville/Wairoa	31%

b) Status Quo - Funding to be included in KDC Annual Plan and future LTPs via targeted rate to Dargaville and Wairoa Wards:

Dargaville/Wairoa Wards: \$121 approximately per household annually which would amount to an increase of around \$84 per household annually (average per rating unit as the general rate is calculated on land value).

Option 2 – Transfer ownership to Council

KDC takes on all ownership responsibilities from Sport Northland and honours the management contract with CLM in good faith. This option continues to provide the public with access to KCCP and its facilities.

Operating Cost FY23/24 \$357,079

This option has a savings of annual cost to Council of approximately \$26k based on Operating Costs compared to grant FY23/24 grant payment.

This option has a savings of forecasted Annual Plan funding of \$123k based on forecasted grant in the LTP (\$480k).

KDC has asset management as a core function, has economic and social objectives balance in its activities, however as the ultimate owner will be sensitive to risk, increased insurance fees and ongoing responsibility for managing aging infrastructure through capital investment and operations.

This option will also require KDC to be resourced internally to support contract and stakeholder management and reporting.

A report with estimated capital investment based on the current condition assessment will come to the February meeting.

Option 3 – Alternative ownership (Private sector)

KDC advises Sport Northland that it does not intend to support a future Operating Grant or to transfer ownership to Council. Sport Northland requested to test the market for interested owners.

- a) Funding to be included in KDC Annual Plan \$480k (approx. 1% rates) for FY24/25 (via general or targeted rate) but removed from future years in the LTP. KDC requests Sport Northland to test the market for interested owners. This option provides financial surety for the 25/26 summer season.
- b) Forecasted \$480k removed from future financial years. KDC requests Sport Northland to test the market for interested owners and advises them Council does not intend to renew a grant agreement. This option puts the 25/26 summer season at risk.

Currently, the KCCP relies wholly on the KDC grant and public/private concessions. Without a secured way to fund operations, maintenance and repairs for upcoming financial year(s), the pool may be unable to operate and service the community, putting the pool operations at risk.

This option could create approximately 1% rate savings for the rate payer.

Option 4 - Alternative ownership (Charitable Trust)

KDC advises Sport Northland that it does not intend to support a future Operating Grant or to transfer ownership to Council. Sport Northland to investigate the establishment of a Charitable Trust.

- a) Funding to be included in KDC Annual Plan \$480k (approx. 1% rates) for FY24/25 (via general or targeted rate) but removed from future years in the LTP. KDC requests Sport Northland to test the market for interested owners. This option provides financial surety for the 25/26 summer season.
- b) Forecasted \$480k removed from future financial years. KDC requests Sport Northland to test investigate the establishment of a Charitable Trust and advises them Council does not intend to renew a grant agreement. This option puts the 25/26 summer season at risk.

Currently, the KCCP relies wholly on the KDC grant and public/private concessions. Without a secured way to fund operations, maintenance and repairs, for upcoming financial year(s) the pool may be unable to operate and service the community, putting the pool operations at risk.

The level of complexity and logistics required of an independent Charitable Trust owning and resourcing aquatic facilities is high. A public aquatic facility requires highly capable Trustees with the motivation and capacity to ensure appropriate management of the asset, staff and finances. Finding and retaining Trustees with the competence, capacity, and motivation to serve such a facility on a long-term basis can be challenging. Life is unpredictable, and what may be a priority for members today may change over time. Trust membership requires ongoing assessment and due diligence, therefore future support may be required by Council in some way.

This option could create approximately 1% rate savings for the rate payer.

Annual Plan Community Consultation approach

As this is a significant change in planned funding and potential for the pool to remain open to the public, consultation will be required through the Annual Plan process.

Staff propose the below approach:

QUESTION

Should Council continue to fund the operations and future capital investment of the KCCP?
 Yes / No

QUESTION

If yes, how should the funding be collected? Continue with collection of a general rate calculated by population across the district, or a targeted rate from the Dargaville and Wairoa Wards.

NOTE: This is a draft approach for discussion, which may change due to Council direction and the final KCCP assessment report expected at the February meeting.

Next steps | E whaiake nei

A final report will be presented to the February Council meeting with a full review of the current Sport Northland ownership/operating model, facility assessment /condition review. A preferred option will be required by Council at this time to align decision making with the Annual Plan process.

Recommended consultation approach to be developed through the Annual Plan process.

Sport Northland Annual Report FY23/24 to be presented to Council for noting and feedback in March.

Attachments | Ngā tapiritanga

	Title
A	KCCP Operating Subsidy Invoice
B	Sport Northland Invoice FY23/24
C	Northland Aquatics Facilities Plan
D	Sport Northland Annual Report FY23-24